

**SOJOURNER TRUTH ACADEMY**  
**FINANCIAL STATEMENTS**

**For the Years Ended**  
**June 30, 2011 and 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date \_\_\_\_\_

**MAR 28 2012**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sojourner Truth Academy  
New Orleans, Louisiana

We were engaged to audit the accompanying Statement of Financial Position of Sojourner Truth Academy (a nonprofit "Organization"), and the related Statements of Activities, Cash Flows, and Functional Expenses as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Organization's management. The financial statements of Sojourner Truth Academy as of June 30, 2010 were audited by other auditors whose report dated October 15, 2010, expressed an unqualified opinion on those statements.

Sojourner Truth Academy's management was unable to provide sufficient documentation to support the expenses, revenue, payroll, cash disbursements, and accounts payable balances as of and for the year ended June 30, 2011. We were unable to satisfy ourselves on the valuation of the aforementioned balances included in the financial statements by means of other auditing procedures.

Due to the significance of the matters described above, and since the scope of work was not sufficient, we are unable to express and we do not express, an opinion on the 2011 financial statements of Sojourner Truth Academy.

As further discussed in Note 10 to the financial statements, Sojourner Truth Academy's management, due to test scores failing to meet the Recovery School District requirements for charter renewal, voted to voluntarily surrender the school's charter and operations will cease at the end of the 2012 school year.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2011 our consideration of Sojourner Truth Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing*

*Standards* and should be read in conjunction with this report in considering the results of our audit

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Expenditures of Federal Awards for the year ending June, 30 2011 is presented for purposes of additional analysis as required by U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Sojourner Truth Academy. As explained in the second paragraph of this report, the scope of our work was not sufficient to enable us to express an opinion on the financial statements. Similarly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying Schedule Expenditures of Federal Awards.

*Carr, Riggs & Ingram, LLC*

January 17, 2012

## **FINANCIAL STATEMENTS**

**SOJOURNER TRUTH ACADEMY**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2011 and 2010**

<b>ASSETS</b>		<b>2011</b>	<b>2010</b>
<b>Current Assets:</b>			
Cash and cash equivalents	\$	48,884	\$ 249,600
Prepaid expenses		24,681	-
Grants receivable		6,467	83,102
Total Current Assets		80,032	332,702
<b>Other Assets:</b>			
Equipment, net		79,867	38,109
Total Other Assets		79,867	38,109
Total Assets	\$	159,899	\$ 370,811
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	\$	110,331	\$ 49,977
Grant refundable		43,224	-
Capital lease payable - current		8,963	5,094
Total Current Liabilities		162,518	55,071
Capital lease payable - long term		18,258	12,479
Total Liabilities		180,776	67,550
<b>Net Assets:</b>			
Unrestricted		(20,877)	295,561
Temporarily restricted		-	7,700
Total Net Assets		(20,877)	303,261
Total Liabilities and Net Assets	\$	159,899	\$ 370,811

See accompanying notes to financial statements

**SOJOURNER TRUTH ACADEMY**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>Public Support Revenues and Other Support</b>		
Local per pupil aid	\$ 1,025,255	\$ 726,828
Federal sources	632,825	499,897
State public school funds	969,784	708,468
Donations and contributions	94,945	83,334
Other support	22,129	11,946
Net assets released from restrictions	83,965	-
<b>Total Public Support and Other Revenues</b>	<u>2,828,903</u>	<u>2,030,473</u>
 <b>Expenses</b>		
Program services		
Instructional	1,759,943	1,174,996
Supporting services:		
Management and general	<u>1,385,398</u>	<u>764,178</u>
 <b>Total Expenses</b>	<u>3,145,341</u>	<u>1,939,174</u>
 <b>Increase (Decrease) in Unrestricted Net Assets</b>	<u>(316,438)</u>	<u>91,299</u>
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Donations and contributions	76,265	7,700
Net assets released from restrictions	<u>(83,965)</u>	<u>-</u>
 <b>Increase (Decrease) in Temporarily Restricted Net Assets</b>	<u>(7,700)</u>	<u>7,700</u>
 Net assets at beginning of fiscal year	<u>303,261</u>	<u>204,262</u>
 Net assets at end of fiscal year	<u><u>\$ (20,877)</u></u>	<u><u>\$ 303,261</u></u>

See accompanying notes to financial statements



**SOJOURNER TRUTH ACADEMY**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities:</b>		
Increase (decrease) in net assets	\$ (324,138)	\$ 98,999
Depreciation expense	19,295	6,397
(Increase) decrease in operating assets:		
Grants receivable	76,635	(7,255)
Prepaid expenses	(24,681)	6,231
Increase in operating liabilities		
Accounts payable	<u>103,578</u>	<u>11,156</u>
Net cash provided by (used in) operating activities	<u>(149,311)</u>	<u>115,528</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	<u>(61,053)</u>	<u>(31,142)</u>
Net cash used in investing activities	<u>(61,053)</u>	<u>(31,142)</u>
<b>Cash Flows from Financing Activities:</b>		
Increase in financing activities		
Net proceeds from capital lease	<u>9,648</u>	<u>3,762</u>
Net cash provided by financing activities	<u>9,648</u>	<u>3,762</u>
Net increase (decrease) in cash and cash equivalents	(200,716)	88,148
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>249,600</u>	<u>161,452</u>
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	<u><u>\$ 48,884</u></u>	<u><u>\$ 249,600</u></u>
<b>Cash Paid During the Year for:</b>		
Interest	<u><u>\$ 2,089</u></u>	<u><u>\$ 1,472</u></u>

See accompanying notes to financial statements

**SOJOURNER TRUTH ACADEMY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2011 and 2010**

	2011			2010		
	Instructional	Management & General	Total	Instructional	Management & General	Total
Salaries and benefits	\$ 1,092,673	\$ 834,842	\$ 1,927,515	\$ 735,973	\$ 520,407	\$ 1,256,380
Professional services	59,688	213,583	273,271	32,819	43,565	76,384
Bus service	254,436	-	254,436	209,434	-	209,434
Supplies	159,595	34,184	193,779	81,125	16,530	97,655
Purchased property services	-	140,023	140,023	-	86,458	86,458
Food service	104,499	-	104,499	63,151	-	63,151
Dues and fees	-	59,327	59,327	-	29,064	29,064
Travel	39,244	6,517	45,761	18,000	5,607	23,607
Utilities	-	37,270	37,270	-	21,980	21,980
Textbooks	30,513	427	30,940	26,625	3,120	29,745
Insurance	-	30,065	30,065	-	16,876	16,876
Depreciation	19,295	-	19,295	6,397	-	6,397
Advertising	-	14,270	14,270	-	5,910	5,910
Telephone and postage	-	13,801	13,801	-	13,461	13,461
Miscellaneous expenses	-	1,089	1,089	1,472	1,200	2,672
	<u>\$ 1,759,943</u>	<u>\$ 1,385,398</u>	<u>\$ 3,145,341</u>	<u>\$ 1,174,996</u>	<u>\$ 764,178</u>	<u>\$ 1,939,174</u>

See accompanying notes to financial statements.

**SOJOURNER TRUTH ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2011 and 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Sojourner Truth Academy ("STA") was incorporated in the fall of 2007 for the purpose of operating a charter school in New Orleans, Louisiana. STA was created to create an environment that offered students an inclusive, community-centered education combined with rigorous college preparation and social justice activism. The State Board of Elementary and Secondary Education granted STA a Type 5 charter to operate Sojourner Truth Academy.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

Income Tax Status

Sojourner Truth Academy is a Louisiana nonprofit organization under Section 501(c)(3) of the Internal Revenue code that has been granted an exemption from the payment of income taxes under Section 501(c)(3) and has been determined to be other than a private foundation. Sojourner Truth Academy's management believes that STA continues to operate in a manner that preserves its tax exempt status.

On January 1, 2009, STA adopted a standard relating to the accounting for uncertainty in income taxes. The tax effect from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. STA recognizes the financial statement benefits of a tax position only after determining that the relevant tax authority would be more likely than not to sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. At the adoption date, STA applied the new accounting standard to all tax positions for which the statute of limitations remained open. STA did not make any adjustment to beginning net assets as a result of the implementation of the accounting standard.

**SOJOURNER TRUTH ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2011 and 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Based on its evaluation, STA has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. STA is no longer subject to U S federal income tax examinations by the Internal Revenue Service for the years before 2007.

Public Support and Revenue

STA receives its support primarily from the Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. STA uses the direct write-off method of writing off uncollectible receivables.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the expenses related to temporarily restricted revenues occur in the same year the revenues are received, these revenues are recorded as unrestricted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, STA considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

**SOJOURNER TRUTH ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2011 and 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation

STA follows the standards of FASB ASC Topic 958, which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions, all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets
- Temporarily Restricted - Net assets whose use by STA is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the organization pursuant to such stipulations
- Permanently Restricted - Net assets whose use by STA is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the organization

Property and Equipment

Property and equipment are capitalized at cost. It is STA's policy to capitalize expenditures for these items in excess of \$5,000. Lesser amounts are expensed as incurred. Property and equipment are being depreciated over their estimated useful lives using the straight-line method using the following lives:

Computers	3 years
Office/Classroom Equipment	3 years
Office/Classroom Furniture	5 years
Capital Leases	Term of the leasehold

Reclassifications

Certain financial statement balances included in the prior year financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

Subsequent events have been evaluated through December 31, 2011, the date the financial statements were available to be issued.

**SOJOURNER TRUTH ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2011 and 2010**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2011 and 2010, cash and cash equivalents consisted of deposits with financial institutions with carrying balances of \$161,452 and \$249,600, respectively. These deposits are secured from risk by \$250,000 of federal deposit insurance. Thus, STA is in compliance with state law.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2010 and 2009 consisted of the following:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 101,757	\$ 42,501
Less accumulated depreciation	<u>(21,890)</u>	<u>(4,392)</u>
Property and equipment, net	<u>\$ 79,867</u>	<u>\$ 38,109</u>

Depreciation expense for STA for the years ended June 30, 2011 and 2010 was \$19,295 and \$6,397, respectively.

During the years ended June 30, 2011 and 2010, STA acquired \$61,053 and \$31,142 in property and equipment, respectively. During the years ended June 30, 2011 and 2010, STA disposed of \$9,884 and \$16,364 in property and equipment, respectively, with \$0 of gains or losses on disposal.

**NOTE 4 - RETIREMENT PLANS**

All employees of STA may elect to contribute a portion of their salary to a 403(b) retirement plan. STA made additional contributions to the plan for the years ended June 30, 2011 and 2010 of \$5,320 and \$0, respectively.

**NOTE 5 - COMPENSATED ABSENCES**

Sojourner Truth Academy provides up to five (5) no-fault/sick days each school year for all full-time instructional staff only and ten (10) no-fault/sick days each school year for administrative staff. The accrual rate for these no-fault days and sick days are .5 days per month and 42 days per month, respectively. If an exempt staff member needs to take time off that has not been

**SOJOURNER TRUTH ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2011 and 2010**

**NOTE 5 - COMPENSATED ABSENCES (CONTINUED)**

earned, the staff member may request to borrow from future accrued time. A staff member may only be advanced up to two (2) days of un-accrued time in any school year. Once staff members have taken five (5) no-fault/sick days, no further paid, no-fault days or sick days are available for that calendar year. No fault days must be used by June 30th. Unused no-fault and sick days will not be carried over to the next school year. Additional accrued but unused no-fault and sick leave time is forfeited if not used before the end of the employee's year of service as outlined in the hire letter. Accrued but unused no-fault and sick leave time is not paid out in the event of termination, whether voluntarily or involuntarily.

**NOTE 6 – LINE OF CREDIT**

As of June 30, 2010, STA has available a line of credit (the "Credit Agreement") with a bank which provides for borrowings up to \$100,000 at a rate of 7.25%. As of June 30, 2010, STA had a line of credit with a bank which provided for borrowings up to \$15,000 at a rate of 7.25%. Outstanding borrowings under the Credit Agreement are unsecured. There were no borrowings outstanding on the line of credit at June 30, 2011 and 2010. The Credit Agreement is subject to annual renewal and presently is due to expire on June 13, 2012.

**NOTE 7 - OPERATING LEASE AGREEMENT**

STA entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") from July 1, 2010 through June 30, 2011 for the use of the Our Lady of Lourdes School and for the period July 1, 2009 through June 30, 2010 for the use of Joseph S. Clark High School's main buildings, gymnasiums, and grounds as school facilities. STA is responsible for the payment of utilities, janitorial and sanitation, and disposal services.

The lease agreement states the RSD may move STA at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by STA, projected enrollment, program specific needs, and community needs. STA was moved during the year ended June 30, 2010 from Joseph S. Clark High School to Our Lady of Lourdes School. STA may terminate this agreement upon 30 days notice to relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause prior to the end of the specified term in the event STA fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

**NOTE 8 – CAPITAL LEASES**

As of June 30, 2011, STA has capital lease agreements for three (3) copy machines with a total cost of \$33,537. Two of the leases began in 2009 and require 45 and 47 equal monthly payments of \$234 and \$36, respectively. One began in 2010, requiring 60 equal monthly payments of \$477. For

**SOJOURNER TRUTH ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2011 and 2010**

**NOTE 8 – CAPITAL LEASES (CONTINUED)**

the years ended June 30, 2011 and 2010, total capital leases payable, were \$24,752, and \$17,573, respectively.

At June 30, 2011, the future minimum lease payments under the lease obligations were as follows:

2012	8,963
2013	6,335
2014	5,723
2015	<u>6,200</u>
	27,221
Less interest	<u>(2,469)</u>
Present value of minimum lease payments	<u>\$ 24,752</u>

**NOTE 9 – CONCENTRATIONS**

For the years ended June 30, 2011 and 2010, STA received 23% and 25%, respectively, of its total revenue from federal sources and 35% and 35% of its total revenue from state public school funds

**NOTE 10 – SOJOURNER TRUTH ACADEMY'S CHARTER**

On November 29, 2011, STA's Board of Directors voted to voluntarily surrender the school's charter and voted to cease operations at the end of the 2012 school year. The decision was made based on the fact that STA failed to meet the required performance score required by the Recovery School District for the second consecutive year and in final year of STA's approved charter. The RSD informed STA that it would not be recommended for charter renewal to the Louisiana Board of Elementary and Secondary Education.



## **PERFORMANCE STATISTICAL DATA**

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Sojourner Truth Academy  
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Sojourner Truth Academy ("STA") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of STA and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin STA is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

### General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

- 1 We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue,
  - Total Local Earnings on Investment in Real Property,
  - Total State Revenue in Lieu of Taxes,
  - Nonpublic Textbook Revenue, and
  - Nonpublic Transportation Revenue

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

- 2 We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2010
- 3 We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total of principals and assistant principals per this schedule
- 4 We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2010 and as reported on the schedule We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule

Number and Type of Public Schools (Schedule K-3)

- 5 We obtained a list of schools by type as reported on the schedule We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84 010) application and/or the National School Lunch Program (CFDA 10 555) application).

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

- 6 We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2010 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule

Public Staff Data (Schedule K-5)

- 7 We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule
- 8 We recalculated the average salaries and full-time equivalents reported in the schedule

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2010 roll books for those classes and determined that the class was properly classified on the schedule.

The Graduation Exit Exam (GEE) for the 21<sup>st</sup> Century (Schedule K-8)

10. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by STA.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by STA.

We noted the following exceptions as a result of applying the above procedures:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

**Finding:** We noted that we did not receive supporting documentation for two (2) of the twenty-five (25) selected expenditures.

**Corrective Action Plan:** STA will make all purchases in accordance with a board-approved purchasing policy. We will maintain supporting documentation for all cash disbursements.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

**Finding:** We noted that one employee's personnel file was missing documentation that a background check had been performed.

**Corrective Action Plan:** Sojourner Truth Academy will ensure that employee payroll is properly reflected in personnel files and accurately reported to BESE.

**Finding:** We noted that zero of the twenty-four (24) personnel files that were tested contained documentation of employee salary and extra documentation that did not match the salaries as listed on the PEP Report. This results in the average employee salary as calculated in Schedule K-5 not matching a calculation made from personnel files.

**Corrective Action Plan:** Sojourner Truth Academy will ensure that employee payroll is properly reflected in personnel files and accurately reported to BESE.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Sojourner Truth Academy, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

January 17, 2012

**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-1**

**General Fund Instructional and Support Expenditures  
Certain Local Revenue Sources  
For the Year Ended June 30, 2011**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures

Teacher and student interaction activities		
Classroom teacher salaries	\$	835,696
Other instructional staff activities		1,639
Employee benefits		135,729
Purchased professional and technical services		21,125
Instructional materials and supplies		100,052
Less instructional equipment		(11,453)
Total teacher and student interaction activities		<u>\$ 1,082,788</u>
Other instructional activities		<u>28,456</u>
Pupil support activities	\$	222,266
Less equipment for pupil support activities		-
Net pupil support activities		<u>\$ 222,266</u>
Instructional Staff Services	\$	33,623
Less equipment for instructional staff services		-
Net instructional staff services		<u>\$ 33,623</u>
School Administration	\$	453,511
Less Equipment for School Administration		-
Net school administration		<u>\$ 453,511</u>
Total general fund instructional expenditures		<u>\$ 1,820,644</u>
Total general fund equipment expenditures		<u>\$ 11,453</u>

Certain Local Revenue Sources

Note Sojourner Truth Academy receives local revenues from the Orleans Parish School Board which is passed through the Recovery School District. The Foundation does not receive a detailed schedule of the source of these revenues. This section is not applicable to charter schools under the Recovery School District.

**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-2**

**Education Level of Principals, Assistant Principals, and Full-Time Classroom Teachers  
As of October 1, 2010**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	7	100%	9	69%				
Master's Degree			3	23%	1	100%	2	100%
Master's Degree +30								
Specialist in Education								
Ph D or Ed D			1	8%				
<b>Total</b>	<b>7</b>	<b>100%</b>	<b>13</b>	<b>100%</b>	<b>1</b>	<b>100%</b>	<b>2</b>	<b>100%</b>

**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-3**

**Number and Type of Public Schools  
For the Year Ended June 30, 2011**

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<b>Type</b>	<b>2010</b>
	<b>Number</b>
Elementary	-
Middle/Jr. High	-
Secondary	1
Combination	-
Total	1

Note. Schools opened or closed during the fiscal year are included in this schedule



**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-4**

**Experience of Principals, Assistant Principals, and Full-Time Classroom Teachers  
As of October 1, 2010**

	0-1 Yr	2-3 Yrs	4-10 Yrs	11-14 Yrs	15-19 Yrs	20-24 Yrs	25+ Yrs	Total
Assistant Principals	-	-	1	1	-	-	-	2
Classroom Teachers	15	1	4	-	-	-	-	20
Principals	-	-	1	-	-	-	-	1
Total	15	1	6	1	-	-	-	23

**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-5**

**Public School Staff Data  
2010-2011 School Year**

2010-2011	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 45,302	\$ 45,302
Average Classroom Teacher's Salary Excluding Extra Compensation	\$ 45,302	\$ 45,302
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	21	21

Note Figures reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-6**

**Class Size Characteristics  
As of October 1, 2010**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr High	-	-	-	-	-	-	-	-
Middle/Jr High Activity Classes	-	-	-	-	-	-	-	-
High	76%	88	24%	27	-	-	-	-
High Activity Classes	-	5	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards Therefore, these classes are included only as separate line items

**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-8**

*Graduation Exit Examination (GEE) for the 21st Century- Schedule 8*  
For the Years Ended June 30, 2009, 2010, 2011

District Achievement Level Results	English Language Arts						Mathematics					
	2011			2010			2011			2010		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
<b>Grade 10</b>												
Advanced	-	0%		-	0%	N/A	2	3%		-	0%	N/A
Mastery	-	0%		1	1%	N/A	-	0%		3	4%	N/A
Basic	16	21%		20	27%	N/A	24	30%		28	38%	N/A
Approaching Basic	25	32%		36	49%	N/A	15	19%		19	26%	N/A
Unsatisfactory	37	47%		16	23%	N/A	38	48%		23	32%	N/A
<b>Total</b>	<b>78</b>	<b>100%</b>		<b>73</b>	<b>100%</b>		<b>79</b>	<b>100%</b>		<b>73</b>	<b>100%</b>	<b>0</b>

District Achievement Level Results	Science						Social Studies					
	2011			2010			2011			2010		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
<b>Grade 11</b>												
Advanced	-	0%		N/A	N/A	N/A	-	0%		N/A	N/A	N/A
Mastery	2	3%		N/A	N/A	N/A	-	0%		N/A	N/A	N/A
Basic	19	32%		N/A	N/A	N/A	18	30%		N/A	N/A	N/A
Approaching Basic	20	33%		N/A	N/A	N/A	27	45%		N/A	N/A	N/A
Unsatisfactory	19	32%		N/A	N/A	N/A	15	25%		N/A	N/A	N/A
<b>Total</b>	<b>60</b>	<b>100%</b>		<b>0</b>	<b>0%</b>		<b>60</b>	<b>100%</b>		<b>0</b>	<b>0%</b>	<b>0</b>

**SOJOURNER TRUTH ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-9**

District Achievement Level Results	English						Mathematics					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
HNG												
Grade 7												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>												

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students												
Grade 7												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>												

District Achievement Level Results	English						Mathematics					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students												
Grade 9												
Advanced	N/A	N/A	0	0%	0	0%	N/A	N/A	0	0%	1	1%
Mastery	N/A	N/A	0	0%	0	0%	N/A	N/A	0	0%	0	0%
Basic	N/A	N/A	24	29%	38	40%	N/A	N/A	25	31%	27	28%
Approaching Basic	N/A	N/A	38	46%	40	42%	N/A	N/A	23	28%	35	37%
Unsatisfactory	N/A	N/A	20	25%	17	18%	N/A	N/A	33	41%	32	34%
<b>Total</b>			82	100%	95	100%			81	100%	95	100%

*\*Note that Science and Social Studies testing not applicable to grade 9*

**OMB CIRCULAR A-133 COMPLIANCE AND GOVERNMENT  
AUDITING STANDARDS REPORT**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

**Independent Auditor's Report**

Board of Directors  
Sojourner Truth Academy  
New Orleans, LA

We were engaged to audit the financial statements of Sojourner Truth Academy (a nonprofit organization) as of June 30, 2011, and have issued our report thereon dated December 31, 2011. We were engaged to conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The accounting and reporting processes for expenses, revenue, payroll, cash disbursements, and accounts payable were ineffective during the year ended June 30, 2011. Additionally, management of Sojourner Truth Academy were unable to provide supporting documentation for a portion of the previously mentioned financial statement accounts. As a result, the accuracy and appropriateness of the transactions and balances contained within these accounts was indeterminable.

Due to the significance of the matters described above, and since the scope of work was not sufficient, we are unable to express and we do not express, an opinion on the 2011 financial statements of the Sojourner Truth Academy.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Sojourner Truth Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sojourner Truth Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sojourner Truth Academy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses (2011-1 through 2011-4).

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sojourner Truth Academy Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2011-5 through 2011-8.

Sojourner Truth Academy's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Sojourner Truth Academy's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of Sojourner Truth Academy's management, Board of Directors, others within the organization, the Legislative Auditor of the State of Louisiana, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

January 17, 2012





**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

*Independent Auditor's Report*

Board of Directors  
Sojourner Truth Academy  
New Orleans, Louisiana

Compliance

We were engaged to audit the accompanying Statement of Financial Position of Sojourner Truth Academy as of June 30, 2011, and the related Statement of Activities, Cash Flows, and Functional Expenses for the year then ended. These financial statements are the responsibility of Sojourner Truth Academy's management.

The accounting and reporting processes for expenses, revenue, payroll, cash disbursements, and accounts payable were ineffective during the year ended June 30, 2011. Additionally, management of Sojourner Truth Academy were unable to provide supporting documentation for a portion of the previously mentioned financial statement accounts. As a result, the accuracy and appropriateness of the transactions and balances contained within these accounts was indeterminable.

Due to the significance of the matters described above, and since the scope of work was not sufficient, we are unable to express and we do not express, an opinion on the 2011 financial statements of the Sojourner Truth Academy.

Compliance

We have audited the compliance of Sojourner Truth Academy with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Sojourner Truth Academy's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Sojourner Truth Academy's management. Our responsibility is to express an opinion on Sojourner Truth Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sojourner Truth Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sojourner Truth Academy's compliance with those requirements.

As described in the accompanying Schedule of Findings and Questioned Costs, Sojourner Truth Academy did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs, and Special Tests that are applicable to its Title I Grants to Local Educational Agencies Program and the Public Charter Schools Federal Grant Program. Compliance with such requirements is necessary, in our opinion, for Sojourner Truth Academy to comply with requirements related to its major federal programs.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Sojourner Truth Academy did not comply in all material respects, with the requirements referred to above that are applicable to its major federal programs.

#### **Internal Control Over Compliance**

The management of Sojourner Truth Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sojourner Truth Academy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sojourner Truth Academy's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

This report is intended solely for the information and use of Sojourner Truth Academy's management, Board of Directors, others within the organization, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

February 17, 2012

**SOJOURNER TRUTH ACADEMY**  
**SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS**  
**For the Year Ended June 30, 2011**

<b><u>Federal Grantor/ Program Title/ Pass-Through Grantor</u></b>	<b><u>CFDA Number</u></b>	<b><u>Expenditures</u></b>
<u>U S Department of Education</u>		
<i>Passed-through Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies (LEAs)*	84 010	\$ 199,342
Title I Grants to Local Educational Agencies Recovery Funds	84 389	342
Education Jobs Fund	84 410	36,388
Safe and Drug-Free Schools and Communities	84 184	147
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84 367	13,591
Special Education - Grants to States (IDEA, Part B)	84.027	60,360
Special Education-Grants to States Recovery Funds	84 391	21,796
Public Charter Schools Federal Grant Program *	84 282A	<u>210,757</u>
<b>TOTAL U S DEPARTMENT OF EDUCATION</b>		<b><u>\$ 542,723</u></b>
<u>U.S Department of Agriculture:</u>		
<i>Passed-through Louisiana Department of Education</i>		
National School Lunch Program	10 555	53,574
School Breakfast Program	10 553	29,966
Child and Adult Care Food Program	10 558	<u>6,562</u>
<b>TOTAL U S DEPARTMENT OF AGRICULTURE</b>		<b><u>90,102</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b><u>\$ 632,825</u></b>

\*Identified as a major program.

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**SOJOURNER TRUTH ACADEMY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AWARDS**  
**For the Year Ended June 30, 2011**

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Sojourner Truth Academy and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**SOJOURNER TRUTH ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2011**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The independent auditor's report disclaims an opinion on the financial statements of Sojourner Truth Academy as of and for the year ending June 30, 2011.
- 2 Control Deficiencies were disclosed by the audit of the financial statements Yes  
Material Weaknesses Yes
- 3 Noncompliance which is material to the financial statements Yes
- 4 Control Deficiencies over major programs Yes  
Material Weaknesses Yes
- 5 The type of report issued on compliance for major programs Adverse
- 6 Major programs Title I Grants to Local Educational Agencies, CFDA Numbers 84.010 and 84.389 and Public Charter Schools Federal Grant Program, CFDA Number 84.282
- 7 The threshold for distinguishing between Type A and Type B programs was \$300,000.
- 8 Sojourner Truth Academy did not qualify as a low-risk auditee

**SOJOURNER TRUTH ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2011**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**2011-1: No Supporting Documentation on Various Expenditures**

Observation

We noted that management could not provide proper supporting documentation for ten (10) of the transactions selected for testing. Seven (7) of these expenditures were made as a part of federal grant programs and would have a material effect on these programs, if they were found to not be in compliance.

Recommendation

The use of debit cards does not allow for proper approval of expenditures and makes it difficult to maintain appropriate documentation on file related to expenditures. We recommend that Sojourner Truth Academy discontinue the use of debit cards and make all disbursements through the use of paper checks and in accordance with a board-approved purchasing policy. Supporting documentation should be maintained for all cash disbursements.

Management's Corrective Action Plan

Management Concurs. Sojourner Truth Academy will discontinue the use of the debit cards. We will make all disbursements through the use of paper checks and in accordance with a board-approved purchasing policy. We will process employee reimbursement in instances where paper checks are not allowed. We will maintain supporting documentation for all cash disbursements.

**2011-2: Inadequately Documented Employee Earnings**

Observation

We noted that employees were paid twice in one pay period, and it is not clear whether this was contractually allowable and approved by the board. Also, Employees were paid bonuses that were not approved by the Board of Directors. Salary amounts that were contained in personnel files did not reflect the actual earnings received or the amounts reported on Profile of Educational Personnel report submitted to the Louisiana Board of Elementary and Secondary Education (BESE).

Recommendation

We recommend that employee payroll be properly reflected in personnel files and accurately reported to BESE. All bonuses should be properly approved by the Board of Directors before they are paid to employees.

**SOJOURNER TRUTH ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2011**

Management's Corrective Action Plan:

Management Concurs Sojourner Truth Academy will ensure that employee payroll is properly reflected in personnel files and accurately reported to BESE We will not pay any employee bonuses without the proper approval by the Board of Directors

**2011-3: Failure to Account for Restricted Funds**

Observation:

We noted that Sojourner Truth Academy received \$100,000 in contributions that were subject to donor-imposed restrictions These funds were not separated from unrestricted funds, thus they were not accounted for as temporarily restricted Due to this, the use of these funds was not accurately tracked and these funds may have been improperly spent The donor-imposed restriction stated that the full amount of the contribution must be spent prior to March 8, 2011. Because of the failure to recognize the restriction imposed upon the contributions, Sojourner Truth Academy did not spend \$37,443 of the funds in the time period set forth by the donor and also spent \$5,781 after the period had expired. Per the agreement with the donor, \$43,224 is now payable to the donor, as the funds were not spent in a timely matter

Recommendation

We recommend that all contributions subject to donor-imposed restrictions be properly classified and accounted for Specific restrictions should be properly recognized and tracked so that funds can be properly utilized.

Management's Corrective Action Plan

Management Concurs Sojourner Truth Academy will properly classify and account for all contributions that are subject to donor-imposed restrictions Specific restrictions will be properly recognized and tracked so that the funds can be properly utilized

**2011-4: Improper Cash Advance**

Observation

We noted that two (2) employees were provided with prepaid debit cards with \$8,500 on each card in order to pay for travel expenses for a student trip to Panama Upon reviewing the documentation provided by the teachers, we determined that documented expenses totaling \$4,077 had been reported. Per management, the cards were not returned by the teachers, nor were the remaining balances on the cards repaid to Sojourner Truth Academy The total balance unaccounted for on the cards is \$12,923.



**SOJOURNER TRUTH ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2011**

Recommendation:

We recommend that management seek to have both cards returned and any undocumented expenses be repaid to the school. Also, Sojourner Truth Academy should not provide employees with prepaid debit cards, as it constitutes an improper cash advance. All purchases should be made via check using the approved purchasing policy or through employee reimbursements.

Management's Corrective Action Plan

Management Concurs. The two debit cards have been returned to Sojourner Truth Academy. An investigation by Sojourner Truth Academy is currently being performed to get specific explanations as well as additional documentation for the current expenses. All future purchases will be made via check using the approved purchasing policy or through employee reimbursements.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

The following items listed in the financial statements section also apply to federal awards:

2011-01 and 2011-02

**2011-5: Documentation of Employee Time and Effort**

Observation

Per Part B of the 2011 OMB A-133 Department of Education Compliance Supplement, local education agencies are required to document the amount of time that an employee, who is paid in whole or in part with a federal award, works on each specific federal program. This requirement is applicable to both Title I and the Public Charter School programs. Sojourner Truth Academy does not prepare time and effort documentation for employees who are paid through these programs, and appears to not be in compliance with this requirement.

Recommendation

We recommend that Sojourner Truth Academy maintain time and effort documentation in accordance with OMB Circular A-87, Attachment B, paragraphs 8 h (4), (5), and (6) documenting the portion of time and effort dedicated to: (a) The single cost objective, and (b) Each program or other cost objective supported by non-consolidated Federal funds or other revenue sources.

Management's Corrective Action Plan

Sojourner Truth Academy will maintain time and effort documentation in accordance with OMB Circular A-87, Attachment B, paragraphs 8 h (4), (5), and 6 documenting the portion of time

**SOJOURNER TRUTH ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2011**

and effort dedicated to (a) The single cost objective and (b) Each program or other cost objective supported by non-consolidated Federal funds or other revenue sources

**2011-6: Highly Qualified Teacher**

**Observation**

Per Part N of the 2011 OMB Compliance Supplement for Title I Grants to Local Educational Agencies, all local education agencies must ensure that any teacher whom was hired to teach a core academic subject, and who worked in a program supported with Title I funds, was a highly qualified teacher as defined in the Code of Federal Regulations Title 34, Section 200.56. We noted that one teacher who was paid through Title I funds did not possess any teaching certification, and therefore did not meet the requirements of a highly qualified teacher

**Recommendation**

We recommend that management ensure that all teachers who are paid with Title I funds meet the definition of a highly qualified teacher, as defined in 34 CFR Section 200.56

**Management's Corrective Action Plan**

Sojourner Truth Academy will ensure that all teachers who are paid with Title I funds meets the definition of a highly qualified teacher, as defined in 34 CFR Section 200.56

**2011-7: Questioned Costs: Travel**

**Observation:**

We noted that five (5) expenditures made as part of the Title I Title I Grants to Local Educational Agencies Program were for various travel expenses, including airfare, lodging and theme park admission. The selected expenses totaled \$11,623. The stated purpose of Title I funds is to upgrade the school's entire educational program. Per discussion with management, all of the selected expenses were for trips in which a small number of students traveled with school employees for college visits and one trip to Panama. These trips took place after the school year had ended. Per OMB A-87 Attachment B, "Direct charges for foreign travel costs are allowable only when the travel has received prior approval of the awarding agency." We did not obtain any evidence that the trip to Panama had been approved by the Department of Education. We question whether these trips fulfill the requirement of upgrading the school's educational program.

**Recommendation**

We recommend that Sojourner Truth not charge any unapproved travel expenses to the Title I grant program.

**SOJOURNER TRUTH ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2011**

Management's Corrective Action Plan

Sojourner Truth Academy will not charge any unapproved travel expenses to the Title I grant program

**Finding 2011-8: Delinquent Audit Report Submission**

Observation.

The audit of the financial statements of Sojourner Truth Academy was not completed within six (6) months of the close of its fiscal year, which is a requirement of Louisiana Revised Statute 24:513A (5)(a).

Recommendation

Sojourner Truth Academy management needs to ensure financial documentation and files are prepared in a timely manner to ensure the audit of its financial statements can be completed within the six (6) months after the close of the fiscal year

Management's Corrective Action Plan

Management will be held responsible for timely submission of the Audit Report to the Legislative Audit Advisory Council and the Federal Audit Clearinghouse within 30 days of completion in accordance with the Single Audit Act of 1983 (with amendment in 1996) and no later than 6 months from its fiscal year end.

**SOJOURNER TRUTH ACADEMY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND**  
**QUESTIONED COSTS**  
**For the Year Ended June 30, 2011**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE**

Not applicable.

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

Not applicable

**SECTION III – MANAGEMENT LETTER**

Not applicable

Board of Directors  
Sojourner Truth Academy  
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Sojourner Truth Academy as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Sojourner Truth Academy's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sojourner Truth Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sojourner Truth Academy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in Sojourner Truth Academy's internal control to be material weaknesses:

#### **2011-1: No Supporting Documentation on Various Expenditures**

##### **Observation**

We noted that management could not provide proper supporting documentation for ten (10) of the transactions selected for testing. Seven (7) of these expenditures were made as a part of federal grant programs and would have a material effect on these programs, if they were found to not be in compliance.

##### **Recommendation**

The use of debit cards does not allow for proper approval of expenditures and makes it difficult to maintain appropriate documentation on file related to expenditures. We recommend that Sojourner Truth Academy discontinue the use of debit cards and make all disbursements through the use of paper checks and in accordance with a board-approved purchasing policy. Supporting documentation should be maintained for all cash disbursements.

### Management's Corrective Action Plan:

Management Concurs Sojourner Truth Academy will discontinue the use of the debit cards We will make all disbursements through the use of paper checks and in accordance with a board-approved purchasing policy We will process employee reimbursement in instances where paper checks are not allowed. We will maintain supporting documentation for all cash disbursements.

### **2011-2: Inadequately Documented Employee Earnings**

#### Observation:

We noted that employees were paid twice in one pay period, and it is not clear whether this was contractually allowable and approved by the Board. Also, Employees were paid bonuses that were not approved by the Board of Directors. Salary amounts that were contained in personnel files did not reflect the actual earnings received or the amounts reported on Profile of Educational Personnel report submitted to the Louisiana Board of Elementary and Secondary Education (BESE)

#### Recommendation

We recommend that employee payroll be properly reflected in personnel files and accurately reported to BESE. All bonuses should be properly approved by the Board of Directors before they are paid to employees

### Management's Corrective Action Plan

Management Concurs Sojourner Truth Academy will ensure that employee payroll is properly reflected in personnel files and accurately reported to BESE We will not pay any employee bonuses without the proper approval by the Board of Directors.

### **2011-3: Failure to Account for Restricted Funds**

#### Observation:

We noted that Sojourner Truth Academy received \$100,000 in contributions that were subject to donor-imposed restrictions. These funds were not separated from unrestricted funds, thus they were not accounted for as temporarily restricted. Due to this, the use of these funds was not accurately tracked and these funds may have been improperly spent The donor-imposed restriction stated that the full amount of the contribution must be spent prior to March 8, 2011 Because of the failure to recognize the restriction imposed upon the contributions, Sojourner Truth Academy did not spend \$37,443 of the funds in the time period set forth by the donor and also spent \$5,781 after the period had expired. Per the agreement with the donor, \$43,224 is now payable to the donor, as the funds were not spent in a timely matter.

#### Recommendation

We recommend that all contributions subject to donor-imposed restrictions be properly classified and accounted for Specific restrictions should be properly recognized and tracked so that funds can be properly utilized

### Management's Corrective Action Plan

Management Concurs Sojourner Truth Academy will properly classify and account for all contributions that are subject to donor-imposed restrictions. Specific restrictions will be properly recognized and tracked so that the funds can be properly utilized

### 2011-4: Improper Cash Advance

#### Observation

We noted that two (2) employees were provided with prepaid debit cards with \$8,500 on each card in order to pay for travel expenses for a student trip to Panama Upon reviewing the documentation provided by the teachers, we determined that documented expenses totaling \$4,077 had been reported Per management, the cards were not returned by the teachers, nor were the remaining balances on the cards repaid to Sojourner Truth Academy The total balance unaccounted for on the cards is \$12,923.

#### Recommendation

We recommend that management seek to have both cards returned and any undocumented expenses be repaid to the school Also, Sojourner Truth Academy should not provide employees with prepaid debit cards, as it constitutes an improper cash advance All purchases should be made via check using the approved purchasing policy or through employee reimbursements.

### Management's Corrective Action Plan:

Management Concurs The two debit cards have been returned to Sojourner Truth Academy An investigation by Sojourner Truth Academy is currently being performed to get specific explanations as well as additional documentation for the current expenses All future purchases will be made via check using the approved purchasing policy or through employee reimbursements

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance We did not note any deficiencies in Sojourner Truth Academy's internal control that we considered to be significant deficiencies.

This communication is intended solely for the information and use of management and members of the Board, and is not intended to be and should not be used by anyone other than these specified parties

*Carr, Riggs & Ingram, LLC*

January 17, 2012